

MOTION BY SUPERVISOR MICHAEL D. ANTONOVICH

AUGUST 3, 2004

CABLE TV FRANCHISE FEES AUDIT

A July 26, 2004 audit of the Department of Consumer Affairs cable television franchises revealed the need to monitor the collection of cable franchise fee revenue remittances to the County of Los Angeles. The County receives franchise fees from cable companies operating in the unincorporated communities. The fees are calculated using the operators' gross receipts. The audit found discrepancies in all franchise areas that were part of the study. One cable operator did not provide the requested documents so that an analysis could be done.

Regular audits are needed to verify that franchise fees remitted are the actual amounts due to the County. By conducting on-going reviews on cable contracts, we can ensure that cable companies are paying per the terms of their agreements.

I, THEREFORE, MOVE that the Board of Supervisors direct the Auditor-Controller and the Director of Consumer Affairs, to report back in 60 days on establishing regular audits of cable television franchise fee collections and the use of the Cable Television Trust Fund, to pay for the costs. The report back should discuss audit cycles for cable companies and ways contracts could be strengthened to ensure that necessary documents are submitted to the County by cable television operators.

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